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FISCAL IMPACT STATEMENT

LS 6873

BILL NUMBER: SB 358

NOTE PREPARED: Jan 7, 2006

BILL AMENDED:

SUBJECT: Vending Machine Beverages Sold in Schools.

FIRST AUTHOR: Sen. Meeks

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: The bill establishes minimum requirements for the beverages that are offered in vending machines in public schools.

Effective Date: July 1, 2006.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: *Summary:* The beverage requirements proposed by the bill could affect existing school soft drink contracts. Depending on the terms of contracts, schools may be required to offer certain quantities of soft or sport drinks. However, schools could attempt to renegotiate existing or enter new contracts that would meet the requirements proposed by the bill. The impact to local revenues would depend on local school action.

Background: A sample survey indicates that several school corporations have entered into contracts with soft drink manufacturers. The surveyed contracts ranged from \$27,000 to \$230,000 of guaranteed money per year to offer the products of an exclusive manufacturer. Proceeds from the contracts are used by school corporations to fund school-related activities, including education foundations, student activities, teacher development, and extracurricular activities (such as uniforms for sports teams). A surveyed school corporation was able to secure

a sixty-acre plot of land with the proceeds of such a contract, on which a new school facility was constructed.

Some corporations have contracts or agreements with more than one manufacturer. Contract amounts vary among the school corporations along with their carbonated beverage policy during school hours and other factors. The survey indicates that school corporations with a restricted access policy to soft drinks during school hours do have contracts with a manufacturer. Terms of an agreement may have a duration of three to more than ten years depending on the contract. Other school corporations may not have exclusive contracts. However, they may allow the individual schools within the corporation to secure contracts.

State Agencies Affected:

Local Agencies Affected: Schools.

Information Sources: School corporations responding to a Legislative Services Agency survey.

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